

# A MALAYSIAN PERSPECTIVE ON DECOLONIZATION: LESSONS FOR INDONESIA?<sup>1</sup>

**J. Thomas Lindblad**

*Leiden University*

## ABSTRACT

The great regime change in Indonesian history, represented by independence and decolonization, had profound implications for the state apparatus, in particular in its relationship to the economy. This contribution seeks to widen our perspective on such change in Indonesia by reviewing evidence from the experience of adjacent Malaysia. Particular attention is given to the indigenization of the government bureaucracy - Indonesianisasi in Indonesia, Malayanization in Malaysia - before as well as in the immediate aftermath of independence. Our findings underscore the recent consensus in the international literature that the way in which the process of decolonization occurred had enormous consequences for subsequent performance. This article argues that Indonesia could have reaped considerable benefit if in a position to apply the Malaysian model of indigenizing the institution of the state.

**Keywords:** Decolonization, Indigenization, Malayanization, Indonesianisasi

## INTRODUCTION

Anne Booth has on several occasions demonstrated the utility of a comparative approach in gaining a better understanding of economic development in Asia, recently also extending her scope of analysis to include an African nation as well (Booth 2007, 2013, forthcoming). The need to get away from a one sided national account and view the entire process of decolonization in a wider perspective is all the more urgent since this process unfolded at about the same time and under comparable circumstances in many countries, on

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occasion neighbours of one another like Indonesia and Malaysia (Le Sueur 2003). There is an increasing consensus in the international literature that the way in which independence was achieved and decolonization proceeded was to have a dramatic impact on performance of both state and economy for years, if not decades to come (Marks 2010; Acemoglu, Johnson & Robinson 2011). Has Malaysia fared far better than Indonesia because the transition to independence was so much smoother? It is an intriguing question that prompts us to look at the mechanisms of change during decolonization in either country in some detail. This contribution does so by focusing on one vital aspect of decolonization: the change of the state bureaucracy from one being dominated by representatives of the metropolitan mother-country to one run by nationals of the newly independent nation-state, a transformation known in Indonesia as *Indonesianisasi* and in Malaysia as Malayization.

The Malaysian model of indigenization of the government services, applied in British Malaya turning first into Malaya, then Malaysia, offers a counter image to simultaneous developments in Indonesia. Does such a model suggest the possibility of an alternative course of events in Indonesia, radically different from what actually took place? That is the key question addressed here. It is worth noting that indigenization of the public services does not seem to have attracted much attention among either contemporary or later observers. The official history of Malaysia, to cite but one example, explains political developments before and around after independence in minute detail without hardly any mention of the far-reaching reform of the government bureaucracy at the time (Zainuddin 2004: 546-661). The Dutch-language account of the situation in Indonesia after the transfer of sovereignty in December 1949 similarly only touches in passing on the continued presence of Dutch officials in the Indonesia (Meijer 1994). It would appear as though the authorities wished to convey the impression that all representatives of the former metropolitan mother-country simply vanished overnight, easily replaced by indigenous subjects. That is not how things happened.

This contribution starts out with a digression on the wider context of decolonization in Indonesia and Malaysia, including pre-war initiatives anticipating what was to come after 1945. This is followed by an elaboration

of how Malayanization was put into practice from the establishment of the Federation under British rule in 1948.<sup>2</sup>

## DUTCH DEBT AND BRITISH BENEFIT

Indonesia and Malaysia are known as nations of a remarkably different constitutional structure despite sharing many cultural traits and a common historical heritage. Yet, during a short period of time, from December 1949 to August 1950, they both possessed the identity of the federal state. The crucial difference between the two lay in the direction of change during the adjustment of regime due to changing circumstances. Indonesia was moving away from the federal construction of the RIS (Republik Indonesia Serikat, Republic of the United States of Indonesia) onto the current unitary state, which arguably in no small measure has contributed to holding the vast and widely diverse archipelago together throughout seven decades since independence. Malaysia, then Malaya, on the other hand, had in February 1948 replaced the unitary state of the Union of Malaya, inaugurated in April 1946, with a federation.

The changes in terms of constitutional setup, from RIS to RI in Indonesia and from Union to Federation in Malaya, were instigated and pushed through by the dominant nationalist forces in a society respectively giving substance to and preparing for independence. Both formed reactions to a constitutional solution imposed by the metropolitan colonial power. In Malaya, Sir Edward Gent's Union concept aimed at creating a modern kind of colony with equal rights for all, regardless of ethnic origin. This idea did not sit comfortable with the conservative Malay elite, although the nine sultans had at the time, either unthinkingly or by persuasion, acquiesced to the idea (Lau 1991: 109-126). The newly founded UMNO (United Malays National Organization) under leadership of Dato Onn bin Jaafar and now backed up by the sultans, insisted on a revision of the constitution and was instrumental in drawing up the blueprint for a federation (Harper 1999: 83-93).

In Indonesia, H.J. van Mook's conception of an agglomeration of the RI, six semi-autonomous states (*negara*) and a host of asserted constitutional

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<sup>2</sup> The section on Malayanization draws heavily on information gathered from primary documents available in the National Archives of the United Kingdom, Kew, near London. I am greatly indebted to my assistant Thomas de Greeve for his help in consulting these archival sources.

entities (Cribb 2000: 160) proved acceptable to all three parties present at the Round Table Conference in The Hague (late August – early November 1949), where the conditions of the transfer of sovereignty were negotiated (Lindblad 2008: 72-73). The Netherlands government had its way (but not for long), the associated regions under Dutch control, BFO (*Bijeenkomst Federaal Overleg*) only stood to gain, and the RI delegation, chaired by Vice President Muh. Hatta, acquiesced in order to secure the main prize, independence. It is revealing that the confidential minutes of the Indonesian delegates at the Round Table Conference hardly ever touch upon the constitutional arrangement imposed by the Dutch.<sup>3</sup> In the event, one semi-autonomous state after the other merged into the RI between the transfer of sovereignty on 27 December 1949 and the celebration of the first five years of Indonesian independence on 17 August 1950.

The critical difference between Indonesia and Malaysia during decolonization lay, of course, in the attitude adopted and policies pursued by the metropolitan power. The British actively co-operated with the Malay elite in formulating the premises of independence, although envisaging a longer period of preparations than the Malay leadership. In 1948, the Colonial Office expected the path to self-government in British Malaya to last for another quarter of a century, but this time span was later revised downwards, to fifteen years, still longer than Dato Onn and his likes wanted (Darwin 1988: 157-158). In the event, UMNO, then under Tunku Abdul Rahman, had its way. Independence was celebrated in the presence of high-ranking colonial officials in Kuala Lumpur on 31 August 1957, twelve full years after Indonesia.

The contrast with the Dutch in Indonesia could scarcely have been bigger. The stubborn insistence on trying to restore colonialism by virtually any means after 1945 resulted in two military attacks, in July-August 1947 and December 1948-January 1949, much violence, countless awkward compromises and a profound rupture in Dutch-Indonesian relations with grave consequences for the immediate future (Meijer 1994; Van den Doel 2000; De Jong 2011). The very fact that Indonesian independence had been declared merely two days after the Japanese surrender in 1945 meant that the Netherlands government faced a radically other situation than the British in Malaya. The Dutch confronted a rival state in the Indonesian archipelago, seeking and increasingly gaining viability and international credibility (Lindblad 2008: 57), whereas the

<sup>3</sup> Arsip Nasional Republik Indonesia (ANRI), Jakarta: Delegasi Indonesia. Vol. 1251.

British joined forces with the Malay elite in fighting Communist insurgents within the territory of the colony (Harper 1999: 151-194).

The terms of independence differed, too. At the Round Table Conference, the Indonesians accepted not only a constitutional setup that seemed far from appropriate for their nation, but also a financial and economic agreement (Finec) of great importance to the future relationship between Indonesia and the Netherlands. Indonesia assumed responsibility for paying off the sizeable accumulated debt of the Netherlands Indies to the Netherlands, an amount of 4,500 million guilders (\$11,925), which arguably represented a heavier burden bequeathed to a former colony than almost anywhere in the world (Clerx 1992: 65; Dick *et al.* 2002: 171). In addition, private Dutch firms were guaranteed the security of continued operations in Indonesia, including the possibility of remitting profits to the mother-country (Meijer 1994: 46-47). The latter provision recurred at the independence of Malaya, but the former one did not.

The British perfectly well realized the great economic importance of Malaya to the Commonwealth in general and to private British business in particular. Political manoeuvring in Malaya leading up to independence was observed with alarm by British businessmen. At long last, they became convinced that the Alliance forged at the time of the general elections in 1955 between the UMNO, the MCA (Malayan Chinese Association) and the MIC (Malayan Indian Congress) formed no threat to the foreign capital (White 1996: 155-168). It was no coincidence, also, that Malaysia immediately upon independence joined the British Commonwealth.

British policies vis-à-vis Malaya show above all how keen the UK government was to keep good relations with a Malay elite of undisputed reputation in its defence of capitalism. Rather than letting the now independent state take over any debts, the British government made provisions for war damage payments to residents of Malaya, many of them British subjects. In addition, an interest-free loan of £160 million (\$445 million) and a 'free gift' of £20 million (\$56 million) were offered.<sup>4</sup> The order of magnitude was clearly a far cry from the obligations taken on by the Indonesian state. Nevertheless, such variations in sheer money terms do convey, I believe, a fundamental difference in outlook with respect to decolonization.

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<sup>4</sup> Cambridge University Library: British Association of Malaya. Vol. IV/34<sup>2</sup>, VIII/8.

Ideology played a role as well in the Cold War environment that surrounded decolonization. The Sukarno administration had in September 1948 won American trust by crushing the Communist uprising in Madiun, but a belief in a sustained anti-Communist stance as with the Malay elite in Malaya failed to develop in Indonesia during the 1950s. The rhetoric of President Sukarno grew increasingly socialist-sounding and anti-Western. Meanwhile, the conflict with the Dutch about the western half of the island New Guinea (West Irian, now Papua), left unresolved at the Round Table Conference, escalated, eventually, in December 1957, culminating in the takeover of virtually all remaining private Dutch firms operating in Indonesia and a speeded-up departure of thousands of Dutchmen (Lindblad 2008: 177-186). It is an often overlooked historical footnote that the original protest against the British-imposed scheme of the Union of Malaya came from the left-wing MNP (Malay Nationalist Party), strongly influenced from Indonesia, pursuing the ideal of 'Greater Indonesia' (*Indonesia Raya*), and eventually ending up under Communist control. The solidly anti-Communist UMNO grabbed the initiative whereas the MNP disappeared into oblivion, gaining the dubious honour of being the first political party to be forbidden by the authorities in Malaysia (Harper 1999: 86-87, 125-126; Lau 1991: 214-247, 2003: 190).

Neither Indonesia nor Malaysia could draw on a pre-war record of active preparations for independence anywhere comparable to the Commonwealth of the Philippines, where the first president, Manuel Quezon, was elected already in 1935. Such action stood in stark contrast to the statement by Governor-General B.C. de Jonge of the Netherlands Indies at the time that the Dutch needed to stay on for another 300 years in Indonesia, a conviction reiterated in Queen Wilhelmina during the Japanese occupation, albeit with the time span reduced to 100 years (Lockhart 1963: 276; Van den Doel 2000: 61). In British Malaya, constructive thinking about future arrangements were clearly accelerated by the war and the movement towards independence for India, resulting in the allegedly modern variety of colonialism embodied in sir Edward Gent's concept of the Union of Malaya.

Unwittingly or not, some early initiatives taken by the colonial authorities did in fact anticipate decolonization. This applied in particular to an indigenization of the public service, a matter that was later to play a crucial role in substantiating independence, and, indeed, the prime focus of this contribution. Although constitutionally only the most exalted office in

the colonial hierarchy, that of Governor-General, could not be assumed by an Indonesian, in practice the lower ranks of the bureaucracy were almost exclusively filled up by Indonesians, whereas Dutchmen virtually monopolized all higher positions. But an awareness was cautiously growing that the lopsided ethnic composition of the government apparatus needed to be redressed. In the early 1930s a policy awkwardly labelled 'Indianization' (*Indianisatie*) was formulated. One common device to enhance the Indonesian proportion above the lowest category of civil service was to extend the salary scales of the medium-rank category allowing to accommodate well-paid Europeans as well as less well-paid Indonesians. Progress remained unimpressive, partly because of the overall budgetary cuts during the worldwide economic depression of the 1930s. By the late 1930s, the hierarchical composition of the civil service in the Netherlands Indies was still dramatically skewed (Lindblad 2008: 35-36).

Interestingly, just about the time when the Dutch conceived a policy of 'Indianization', a committee was appointed to study the balance between British and Malay officers in the Malayan Civil Service (MCS), the highest-ranking category of colonial officials, in the Federated Malay States, FMS (Perak, Selangor, Negeri Sembilan, Pahang). This committee, labelled the Pyramid Committee, brought out its report in February 1932, recommending Malayanization by reducing the number of posts reserved for UK nationals from 29 to 17, whilst increasing the number of unreserved posts from 49 to 53, including an increase of Malays in senior ranks from 17 to 36. Malayanization was to be achieved by recruiting fresh Malay cadets, promoting capable Malays from the Malay Administrative Service (MAS) at the echelon below the MCS, and by regarding some reserved posts. Salaries for British and Malays were to be the same at junior levels but British received higher pay in senior ranks. Five years later, in 1937, the necessary caution in implementing the recommendations of the Pyramid Committee were spelled out. 'We are under no obligation to appoint Malay officers, or so to promote them. Ability is the deciding factor,' an official verdict read. By that time, the number of FMS unreserved posts had been reduced to 37 due to abolitions and transfers.<sup>5</sup>

Significantly, the pre-war discussion on Malayanization of the colonial bureaucracy only concerned the balance between British and Malays. A proposal by Chinese and Indian representatives in the FMS Legislative Council, the Malayan counterpart of the People's Council (*Volkstraad*) at

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<sup>5</sup> National Archives, Kew. Vol. FCO 141/7428



Batavia, to let qualified Chinese and Indians enter the MCS was, in the words of the reporting British official, ‘easily rejected’.<sup>6</sup> It was precisely this tendency of the British rulers to prioritize relations with the Malays at the expense of Chinese and Indians, that was abandoned in sir Edward Gent’s concept of a ‘modern’ colony, which elicited such vehement opposition from the Malays.

### THE MALAYSIAN MODEL

During the Indonesian Revolution, the archipelago was for all intents and purposes, as said, divided between two states, the nation-state of the Republic with its capital temporarily moved to Yogyakarta, and the agglomeration of semi-autonomous states under Dutch control run by a hastily forged alliance between returning Dutchmen and local elites. The latter saw an accelerated indigenization of the civil service, at all ranks, whereas the embryonic bureaucracy in Yogyakarta was obviously staffed exclusively by Indonesians. There was, however, an acute awareness of bottlenecks in available know-how, as illustrated by the choice of central bank when the RIS came into existence in 1949. Significantly, the Sukarno administration then opted for the Dutch-controlled Java Bank (De Javasche Bank) rather than the Republic’s ‘own’ Bank Negara Indonesia, BNI (State Bank of Indonesia) in Yogyakarta (Lindblad 2008: 67, 85-86). Apart from the constitutional, financial and economic conditions of the transfer of sovereignty, the Republic also accepted the obligation to pay salaries at European levels to 17,000 Dutchmen retained in government service. By the end of 1952, three full years after the transfer of sovereignty, most Dutchmen at senior posts had departed. Nevertheless, even in 1955 there were still some 600 Dutchmen working in highly specialized functions of the government apparatus (Meijer 1994: 169, 176). In Indonesia, indigenization of the civil service at the time of decolonization was dictated by political necessity and the logic of an early declaration of independence, not by the Dutch.<sup>7</sup>

<sup>6</sup> National Archives, Kew. Vol. CO 1022/107.

<sup>7</sup> Too little is known about the gradual departure by Dutchmen from the Indonesian bureaucracy in the first half of the 1950s. A forthcoming PhD dissertation, to be defended by Farabi Fakhri at Leiden University, is expected to provide important insights into this matter.



The situation was completely different in Malaya. In 1952, four years after the federation had come into being, the British High Commissioner, sir Gerald Templer, publicly stressed the urgency of Malayanization of the MCS (Popence 1970: 157). The first step, however, was to reconsider the pre-war demand by Chinese and Indians to be admitted into the MCS. In November 1952, the sultans accepted a quota of admitting one non-Malay for every four Malays. In its argumentation for the proposal, the ministerial committee delicately pointed out that almost five times more non-Malay Asians than Malays had in 1951 passed the Cambridge School Certificate.<sup>8</sup>

Meanwhile, training of Malaysians for government service was speeded by granting scholarships. Numbers of scholarships rose, at the University of Malaya in Kuala Lumpur, from an average of 42 over the years 1946-1952 to 77 in 1953, and for overseas training, mostly in Britain, from 100 to 244 over the same period.<sup>9</sup> At the same time, the Indonesian government began granting scholarships for overseas study, preferably at non-Dutch locations such as the United States. One of the first, and arguably the most famous recipient, Widjojo Nitisaastro, delivered his inaugural lecture as a professor economics at the University of Indonesia in Jakarta in August 1963, inadvertently also introducing the 'Berkeley mafia' into Indonesian economic policy-making (Nitisaastro 2011: 3-17).<sup>10</sup>

In May 1953, the important decision made to appoint a committee to 'investigate and explore avenues' for qualified Malaysians to 'as far as possible' replace expatriate staff in government service. The committee was installed in July 1953, with Tunku Abdul Rahman as its chairman and counting prominent members such as Abdul Razak bin Hussein (later Malaysia's second Prime Minister), Colonel H.S. Lee, who financed much of the campaigning for the general elections in 1955, V.T. Sumbanthan (soon to serve as president of the MIC), and sir David Watherstone, representing the British interest. The committee met very frequently, allegedly 55 times in its first year of functioning alone, and brought out reports in both October 1954 and March 1956.<sup>11</sup> In 1954 a similar committee was set up in Singapore, chaired at first by

<sup>8</sup> National Archives, Kew, Vol. CO 1022/107.

<sup>9</sup> National Archives, Kew, Vol. CO 1030/229.

<sup>10</sup> Again, detailed information is expected in the forthcoming PhD dissertation by Farabi Fakhri at Leiden University.

<sup>11</sup> National Archives, Kew, Vol. CO 1022/108.

A.W. Frisby, from April 1955 by sir Han Hoe Lim, widely known as ‘sir Roger Lim’ in Singapore high society (*Straits Times* 2 April 1955).

The first interim report of the Committee on Malayanization of the Government Service observed that there were ‘very few Malaysians at present with necessary qualifications for higher posts’. The report advised strongly against promoting Malaysian candidates with insufficient qualifications or an ‘artificial creation of vacancies to hasten Malayanization’. As a consequence numbers of expatriates were estimated to still be as high as 1800 in 1956, only dropping to 1450 in 1960, with some foreign officials still required for specialized services up to 1965. Some 300-500 Malaysians needed to graduate each year to replace both British officials and retiring Malaysians.<sup>12</sup> Press reactions were not altogether favourable. The report was found ‘not a particularly easy document to follow’ and errors in statistics were spotted (*Straits Times* 20 and 22 October 1954).

The political parties were winding up to the general elections in July 1955, the first ever in Malaysia, indeed preceding independence by two years. The Alliance, in which the UMNO, MCA and MIC joined forces, now urged for speedy Malayanization, notwithstanding the presence of prominent Alliance figures on the committee. Measures to be taken included Malayanization already in the first term of office, offers of level on abolition terms to expatriates, no further recruitment of expatriates without special consent and extended training facilities. Sir Donald MacGillivray, the last British High Commissioner in Malaya and the one most intimately involved in preparing for independence, privately asserted that the Alliance leaders themselves realized that such demands were ‘a bit of window-dressing’; ‘they themselves knew it was not yet practicable.’<sup>13</sup>

The situation in Singapore was not deemed to be much better. Between 1949 and 1954, the number of expatriates in the top category of civil servants, labelled Division I, only dropped from 349 to 335, whereas during the same period the number of Asians had increased from 119 to 268. In other words, Malayanization had only been accomplished by enlarging the bureaucracy, not by replacing high-ranking officials. The committee headed by sir Han Hoe Lim urged for a thorough review of training and recruitment from bottom up

<sup>12</sup> National Archives, Kew. Vol. CO 1030/230

<sup>13</sup> National Archives, Kew. Vol. CO 1030/230.

rather than ‘dramatic appointment to higher positions of unqualified Asians’. A financial problem was foreseen should large numbers of expatriates demand abolition compensation as they were replaced by locals (*Straits Times* 25 April 1955).<sup>14</sup>

The second report of the Committee on Malayanization in Kuala Lumpur appeared in March 1956.<sup>15</sup> It contained a majority report, described as a ‘coordinated and orderly blueprint’ for future action, as well as a minority report, allegedly written by a member of the MCS. The report of division services offered an overview of the situation as it had developed since 1947 and what could be expected at independence (Appendix I). It is apparent that preciously little had been attained in terms of indigenization of the public service at the time of the Malayan Union, with the sole exceptions of medical and education services due to a fair number of non-European doctors and teachers. The overall share of Malaysians in ranks designated as division I in 1947 amounted to a mere 8 per cent with no locals at all in higher functions in customs, engineering, land survey and taxation. Between 1947 and 1955, promotion of Malaysians brought the indigenous share up to about one-quarter, still particularly high (46 per cent) in health services and education, yet alarmingly low in the Public Works Department, customs, telecommunications, the Malayan Railway, agricultural services and engineering, varying between 5 and 11 per cent. Substantial improvement was in the near future considered essential in the police force, public works, the railways, engineering, land survey, and the judiciary. Nevertheless, the overall share of Malaysians in those ranks of the civil service would in the foreseeable future still be less than 30 per cent. In some services like engineering it was even unlikely that a full Malayanization could be achieved before 1965.<sup>16</sup>

<sup>14</sup> National Archives, Kew. Vol. CO 1030/232.

<sup>15</sup> The following draws on documents in: National Archives, Kew. Vol. FCO 141/7485. See also *Report* 1956.

<sup>16</sup> Appendix I combines data from two different documents attached to the report of the Committee on Malayanization, entitled respectively ‘Summary of progress in Malayanization (from 1947 to mid-1955) of division service’ and ‘Analysis by departments of progress & prospects of Malayanization of cadres in which expatriate staff are serving’. Variations in numbers of posts and numbers of Malayan civil servants are due to the different time perspective adopted. Projections for the situation at independence in 1957 incorporate foreseen retirements and some reorganization.

The report considered three policy options: replacing expatriates by Malaysians without usual qualifications, Malaysianize as fast as availability of suitable and qualified Malaysians would permit, and appointing Malaysians whenever vacancies occurred by normal retirement by both expatriate and locally recruited staff. The committee recommended the second option as the first one would inevitably lower standards whereas the third one could easily result in a less regulated process due to an initial shortage of qualified Malaysian candidates and a possible shortage of vacancies after 1960.

The report subsequently considered the issue of replacement of departing expatriate staff by Malaysians. In 1957, division I of the civil service was expected to number in total 2750 individuals, including 1650 expatriate and 800 Malaysian staff on permanent contract. The service was scheduled to expand, reaching 2900 by 1960, whereas the Malaysian contingent because of retirements declined to 650. Full Malaysianization would require new appointments of no less than 2250 Malaysians (2900 minus 650). Yet, the number of expected graduates over the years 1956-1960 was only 1250, resulting in a shortage of 1000 persons that could not be alleviated any earlier than during the following five-year, 1960-1965, assuming a continued rate of Malaysian graduations at 250-300 per year. Starting July 1957, those on permanent contract were to be offered the choice between a new five-year contract, followed by retirement, and immediate departure with financial compensation. Considering the normal age of retirement, 52 years, the option of a five-year contract was not likely to prove attractive to expatriates below 45, who would possibly prefer taking compensation and seek employment elsewhere. Both the availability of sufficiently qualified Malaysians and the conditions of departure of expatriates called for a process of Malaysianization in stages, spread out over the entire period 1957-1965. Such a scheme was, as far as known, not even discussed in Indonesia.

The blueprint for Malaysianization entailed a differentiation between categories of government services by expected rate of Malaysianization. Three categories were defined: the 1960 or above-average group, the 1962 or average group, and the 1965 or below-average group (Appendix II). The service where full Malaysianization could be most readily achieved was the police force, the single largest contingent within the 1960 group. The MCS was included in the 1962 group, which, importantly, implies that public administration would only after five years of independence be fully executed by Malaysian nationals. Specialized

functions in engineering, mining and medicine were brought together in the 1965 group. By this scheme, slightly less than one-quarter of the civil service (22 per cent) would be Malayanized by 1960, another one-half (54 per cent) by 1962 and the remainder by 1965. According to the blueprint, all administrative and non-professional functions would be filled by Malaysians within five years of independence.<sup>17</sup>

In June 1956, the Committee's recommendations were accepted by the Council of Ministers of Malaya, which then proceeded to install three new committees, one on general policy with regard to Malayanization, chaired by Tunku Abdul Rahman, Chief Minister since the general elections in 1955, a Public Service Committee to consider promotions and appointments of Malaysians, and a so-called Working Party to handle compensation to departing expatriate staff. A Malaysian director of personnel was also appointed. Amidst all determined action by the Malaysian cabinet, there was cautious criticism behind the scenes. Department reactions varied from a 'loss of efficiency' in auditing, 'grave concerns' in postal services and 'unpredictable outcomes' in the tax office, whereas the presence of expatriates was deemed 'indispensable' for the quality of education. A major weakness in the majority report of the Committee was, according to critics, 'the assumption that overseas officers can be retained as long as needed and then required to retire.' The Working Party on Compensation was instructed to offer full compensation only if the government had consented to the expatriate's leaving; otherwise he would get only half compensation.<sup>18</sup>

Various issues of implementation were discussed at some length after the general policy guidelines had been formulated. One of the most intricate matters concerned the compensation paid to departing expatriate civil servants. Estimates indicated that full compensation without any restrictions would involve a total cost of M\$35 million, which amount was reduced to M\$23.5 by applying a ceiling of five times annual basic pay. A further reduction still was attained by restricting full payment to officers with eight years or more of service, a criterion borrowed from similar schemes in the Gold Coast and Sudan. Elaborate negotiations with staff associations followed and

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<sup>17</sup> National Archives, Kew. Vol. CO 1030/230. Appendix II is based on a document entitled 'List of service proposed for retention'. Designations by category differ slightly from the documents attached to the 1956 report.

<sup>18</sup> National Archives, Kew. Vol. FCO 141/14640

a compromise was reached with maximal compensation at 4.96 times basic annual pay at age 39 and eight years of service required to receive the full amount.<sup>19</sup> It goes without saying that no such scheme was ever discussed in the case of indigenization of the public service in Indonesia after the transfer of sovereignty, at any rate not with obligations for the Indonesian government.

The general committee on Malayanization policy attempted to predict actual paths of compulsory 'Malayanisable' retirements by expatriate staff. Numbers of departures by stage of implementation were as follows: in Malaya 653 in 1957/60, 811 in 1960/62 and 349 in 1962/65; in Singapore 206, 113 and 14 over the same periods. The net result in 1965 was zero in Malaya and 54 in Singapore. No reason was given for the discrepancy in the implementation resulting in a faster start but a later competition in Singapore as compared to Malaya.<sup>20</sup>

All these developments were followed by the greatest attention at the Colonial Office in London. Its view on the 'basic problem of Malayanization' was contained in an official letter dated October 1956: 'No independent country wishes to see its public service staffed otherwise than to its own nationals. Malayanization is in this sense based on realism. No independent country will wish to see its standard of administration suffer, particularly during the early years of independence which will be so important in turn bearing on the future, either by too hasty discarding of the fund of experience which has been acquired by the present generation of expatriate officers and which cannot in the nature of things be transferred as on stroke to the Malay successors or by the lowering of the basic standard.'<sup>21</sup> It is especially interesting to note that a direct link is laid between assertion as an independent nation-state and the unique needs of the country in the immediate aftermath of independence. It would appear that Indonesia could have benefitted greatly from such insightful judgment.

In the event, Malayanization proceeded in a gradual and smooth fashion. Between 1957 and 1960, 23 departments, primarily in administration, were covered with 17 more services following between 1960 and 1962. In the latter year, five full years after independence, the Federation counted 400 expatriates out of a total employment of 2900 officers in Malaya, a number corresponding to a non-Malayan share of 14 per cent (Tilman 1964: 68). This

<sup>19</sup> National Archives, Kew. Vol. FCO 141/14636.

<sup>20</sup> National Archives, Kew. Vol. FCO 141/14640.

<sup>21</sup> National Archives, Kew. Vol. FCO 141/7485.

outcome may be compared with the situation in Indonesia in 1955, ten years after independence and six years after the transfer of sovereignty, when there were still 600 Dutchmen working for the Indonesian public service, mostly in highly specialized functions (Meijer 1994: 176).

Malayanization on occasion entailed the promotion of junior Malaysians in positions above senior expatriates, a situation familiar from the civil service in Indonesia during the early 1950s, in which, allegedly, remaining Dutchmen only grudgingly accepted the authority of their Indonesian superiors (Higgins 1952: 48). In Malaya, the ‘inevitability’ of the situation apparently was accepted or at any rate tolerated ‘philosophically and with good humour’, to quote a contemporary observer on the spot. His final verdict at the time of the formation of the Federation of Malaysia in 1963 conveys a similar optimism: ‘the system is still working, not always precisely as it did in the colonial environment, but it is effectively serving the present needs of society’ (Tilman 1964: 66, 137). It is far from certain that the same can be said about Indonesia.

A brief epilogue to Malayanization occurred in the eastern regions on the island of Borneo that upon independence joined the Federation in 1963. A committee installed by the Council *Negri* in Sarawak in 1957, studied the task of so-called ‘Borneoanisation’ of public service, and in 1960, the Sarawak colonial authorities accepted the committee’s recommendation that no new overseas staff should be appointed until local candidates had been heard (*Sarawak by the Week*, 7-13 August 1960). The Sarawak civil service at the time numbered 254 posts, held by 194 expatriates and 43 locals (there were 17 vacancies). Of the locals, one-half were Chinese. The Sarawak Intelligence reported that many Dayaks feared that ‘too rapid a pace of Borneoanisation may lead to Chinese getting all most important jobs in government’.<sup>22</sup> In early 1963, merely months before the Federation came into being, a lengthy report was brought out by a British former director of auditing in Malaya arguing for a speedy localization of government services in both Sarawak and North Borneo by means of adjusting the pay structure to locally recruited staff and not appointing any more expatriates. The British participation in mapping this very last leg of Malayanization met with a certain uneasiness in London. Such matters should now be handled by Malaysians.<sup>23</sup>

<sup>22</sup> National Archives, Kew. Vol. CO 1030/1146.

<sup>23</sup> National Archives, Kew. Vol. FCO 1030/1142, FCO 1030/1562.



## CONCLUSION

Decolonization is a type of regime change that involves much change and much remaining the same. It is this precarious balance between continuity and discontinuity that makes it a fascinating topic of study for historians (Lindblad 2013). Hardly anywhere is the trade-off between what must be replaced and what to retain as tangible and as concrete as in the ethnic make-up of the civil service. Indigenization touches at the essence of giving substance to independence. This article has confronted the Indonesian experience with that of neighbouring Malaysia, then Malaya.

Different from in Indonesia, indigenization in Malaya proceeded in a planned and very orderly fashion, surrounded by more harmony than one under the circumstances would perhaps expect. The dimensions of the task were in no measure inferior to what had to, and was, accomplished in Indonesia. Yet, the general framework was dramatically different, most conspicuously with respect to the attitude adopted by the metropolitan power. The British rendered support on terms set by the emerging Malaysian political elite, in the Alliance representing all three major ethnic groups. The Malaysians responded with a pace of change that met with consent and understanding at the Colonial Office.

One of the tasks of the historian is to speculate, with the benefit of hindsight, whether viable alternatives could, at least in part, have availed themselves. Anne Booth has made a lasting contribution to the historiography of the Indonesian economy during the nineteenth and twentieth centuries, with unmistakable regret having to admit that Indonesia on more than one occasion missed opportunities to embark on a different and better path of development (Booth 1998). It looks like Indonesia missed an opportunity also when it came to changing the institution of the state immediately after independence. Indonesia could have reaped considerable benefit from applying a similar kind of model as in Malaya had circumstances so permitted.

**APPENDIX I**  
**Progress and prospects in the Malayanization of the civil service**  
**in Malaya, 1947-1957**

Service	Posts		Malayans		
	1955	1957	1947	1955	1957
Police	570	491	24	113	146
Health	464	467	119	215	190
Administration	367	344	36	100	121
Education	322	246	26	148	53
Public works	254	231	2	28	37
Customs	110	95	0	12	12
Telecommunications	88	78	1	10	12
Railway	64	97	2	5	22
Agriculture	77	65	3	7	9
Engineering	64	54	0	3	7
Land survey	61	52	0	13	19
Forestry	47	40	4	8	10
Judiciary	44	20	3	8	13
Taxation	41	62	0	10	12
Other	415	454	18	102	110
All services	2988	2796	238	782	773

Source: National Archives, Kew. Vol. FCO 141/7485.

**Notes:** All functions are at the rank of Division I of the public service, except a few specialized function in health services. Administration = Malayan Civil Service (MCS). Taxation = Inland Revenue. Health services exclude nurses.

**APPENDIX II**  
**Retained posts in the civil service of Malaysia by rate of Malayanization, 1957-1965**

<i>The 1960 Group</i>	682
Administrative and non-professional staff (police 400, social welfare 28, information 22, film 11)	577
Professional and technical staff (dental officers 54, veterinary service 23)	105
<i>The 1962 Group</i>	1659
Administrative and non-professional staff (MCS 344, customs 95, special police 90, inland revenue 36, post 28, prisons 12)	696
Professional and technical staff (female nurses 275, teachers 219, agriculture 58, surveyors 52, Public Works Department 32)	693
<i>The 1965 Group</i>	715
Administrative and non-professional staff	0
Professional and technical staff (health 382, civil engineers 217, mechanical engineers 37)	715
Total	3056

Source: National Archives, Kew. Vol. CO 1030/230.

Note: Female nurses, customarily ranked in division II, are included here although the schedule refers to posts in division I.

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